



414 Nicollet Mall
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June 19, 2017

—Via Electronic Filing—

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: RESPONSE TO MPUC INFORMATION REQUEST NO. 1
2017 SES ANNUAL REPORT
DOCKET NO. E999/M-17-283

Dear Mr. Wolf:

Enclosed please find our response to the referenced Minnesota Public Utilities Commission information request in the above-noted docket.

Please contact me at (612) 337-2268 or amber.r.hedlund@xcelenergy.com if you have any questions regarding this submission.

Sincerely,

/s/

Amber Hedlund
Regulatory Case Specialist

Enclosure
c: Service List

- Not Public Document – Not For Public Disclosure
- Public Document – Not Public (Or Privileged) Data Has Been Excised
- Public Document

Xcel Energy

Docket No.: E999/M-17-283

Response To: MN Public Utilities Information Request No. 1
Commission

Requestor: Hanna Terwilliger

Date Received: June 5, 2017

Question:

Legislation passed in 2017 made changes to the Solar Energy Standard (SES) and other solar related statutes. Please file a brief supplement on how the legislation has impacted the Company's future compliance with the SES, in particular the small scale carve out.

Response:

The Minnesota Legislation (S.F. 1456) was approved by Governor Dayton on May 31, 2017. In short, this legislation does not impact the Company's ability to comply with the overall 2020 requirement, which requires 1.5 percent of the Company's total retail electric sales to retail customers in Minnesota be generated by solar energy (set forth in Minn. Stat. § 216B.1691, Subd. 2f). While the legislation does improve the Company's ability to potentially comply with the small solar carve out, the Company still forecasts falling short of compliance, now at a later date. Prior to the legislation we forecasted being in compliance with the small solar carve out through 2021; we now forecast being in compliance through 2029. We explain this in more detail below.

Part of the legislation adjusted the Solar Energy Standard (SES) by setting different requirements based on the size of the utility. The legislation modified Minn. Stat. § 216B.1691, subd. 2f, to allow utilities with between 50,000 and 200,000 retail customers to meet the 10 percent small solar carve out requirement with:

- (1) Solar energy generated or procured from devices with a nameplate capacity of 40 kW or less; and,
- (2) Solar energy generated by a community solar garden operated by the public utility at individual subscription levels of 40 kW or less.

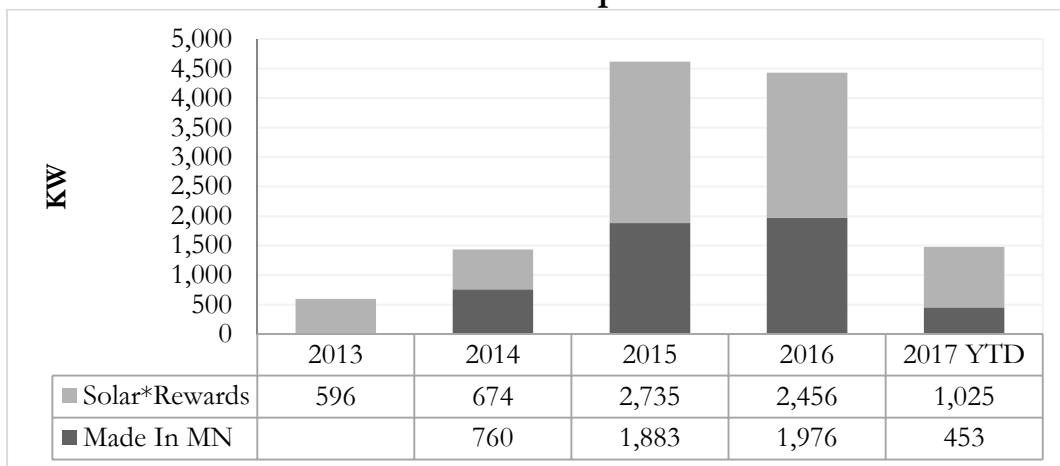
These changes have no impact on Xcel Energy's compliance requirements.

In addition, there are other indirect impacts to the SES as part of the legislative session. These include removing the Made in Minnesota program (Minn. Stat. § 216C.417), increasing funding levels for the Solar*Rewards program (Minn. Stat. § 116C.7792), and adding a goal to the energy policy of Minnesota that retail electricity rates for each customer class be at least five percent below the national average (Minn. Stat. § 216C.05, subd. 2(4)).

We provide the information below as a supplement to our SES Annual Report filed on June 1, 2017. We supplement Section 1 (regarding ongoing efforts to obtain solar energy to that by the end of 2020 at least 1.5 percent of retail sales is generated by solar energy) and Section 2 (progress towards the 10 percent carve out for systems 20 kW or less) with the data below based on the 2017 Legislation.

The Made in Minnesota program, administered by the Department of Commerce, is discontinued as a result of the legislation. Only applications approved before May 1, 2017, can qualify for further incentives under the program. Systems must also start generating electricity by October 31, 2018. This change will eliminate production incentives for Xcel Energy customers with future projects sized between 20 and 40 kW. We anticipate that this may increase the number of projects sized 20 kW or less for participation in our Solar*Rewards program or further increase customer interest in alternative solar choices such as Solar*Rewards Community or Renewable*Connect. The following graph shows the impact the Made in Minnesota program (and Solar*Rewards) has made in generating solar energy that can be used in compliance with the small solar carve out. To date there are 12,560 kW's of qualifying small solar installed.

**Graph 1
MN Small Solar SES Compliant Installations**



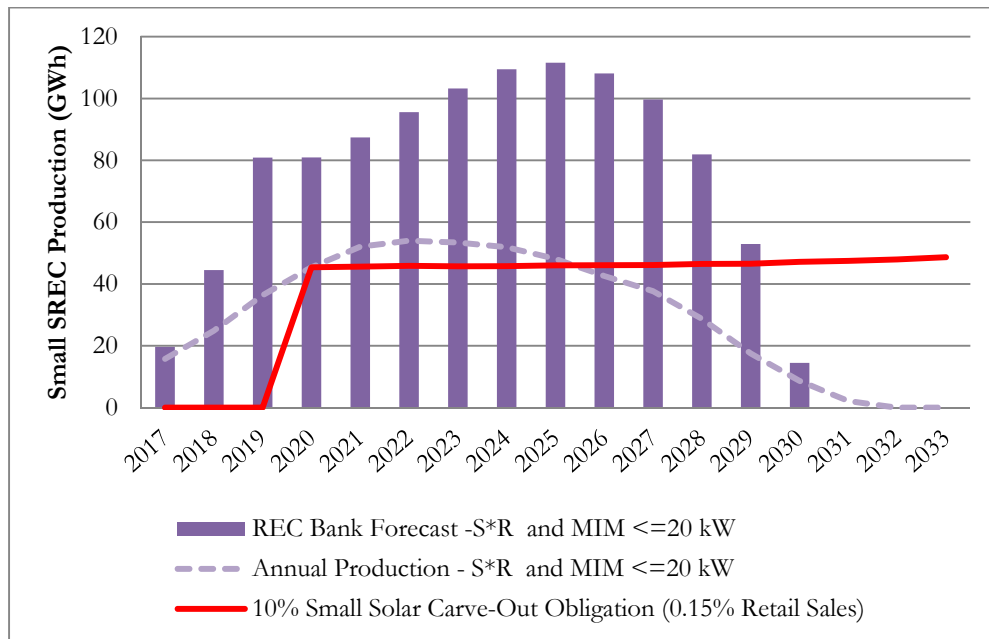
The Solar*Rewards program, administered by the Company, was extended three additional years through 2021. In addition, the program’s financial allocation will increase to allow additional project funding to award projects up to the capacity shown in Table 1 below.

Table 1
Solar*Rewards Allocations

Year	Allocation	Estimated GWh
2017	\$ 5,000,000	4.6
2018	\$15,000,000	14.6
2019	\$10,000,000	9.6
2020	\$10,000,000	9.6
2021	\$ 5,000,000	4.6

These adjustments will alter our forecast towards the small solar carve out and extend our ability towards compliance. The graph below was originally produced in Section 2 of our SES Report. We have updated it to reflect the legislation changes discussed above.

Graph 2
Small SREC Production with Solar*Rewards Program Extension through 2021



Our updated projection in Graph 2 shows the Company may be in compliance with the small solar carve out through 2029. However, this representation uses program assumptions and thus has embedded risk that the actual results could be significantly different than the forecast. The Company cannot predict what the market installation rate will be for small solar rooftop.

Table 1 and Graph 2 assume 100 percent of funds awarded with 75 percent installed for the Solar*Rewards program. As indicated in previous filings, the Solar*Rewards program achieved 50 percent of their funds awarded in 2016. This likely was due to the additional solar choices available to customers such as Made in Minnesota, and Solar*Rewards Community. If predicted solar installations are lower than identified in Table 1 and Graph 2 above, the Company could fall out of compliance prior to the date shown in Graph 2 above.

The Company continues to respectfully request the Commission allow Xcel Energy's Solar*Rewards Community subscriptions of 20 kW or less be applied to the small solar carve out requirement. The legislation preserved the Commission's ability to delay or modify complying with the small solar requirement. Further, this adjustment would allow the Company to continue to meet compliance levels throughout the life of the SES requirement while allowing customers to continue to choose the right solar choices for their lifestyles. Also, the Company believes allowing Solar*Rewards Community subscriptions of 20 kW or less is in the public interest and may be a step towards aligning with the Minnesota policy goals that retail electricity rates be at least five percent below the national average by avoiding additional costs to find other ways to comply with this requirement.

Preparer: Jessie Peterson
Title: Sr. Regulatory Analyst
Department: Customer Solutions
Telephone: 612.330.6850
Date: June 19, 2017

CERTIFICATE OF SERVICE

I, Lynnette Sweet, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

Docket No. E999/M-17-283

Dated this 19th day of June 2017

/s/

Lynnette Sweet
Regulatory Administrator

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